

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited),
B-30, Sector 57,
Noida 201301, Uttar Pradesh,
India.

Dear Sir/Madam,

Statement of Special Tax Benefits available to Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited) and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures 1 and 2 (together the "Annexures"), prepared by Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited) ("the Company") provides the special tax benefits available to the Company and its shareholders, under the provisions of the Income-tax Act, 1961 ("the Act") read with the Income-tax Rules, 1962, as amended by the Finance Act, 2023 i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 (together, the "Direct Tax Laws"), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962, the Customs Tariff Act, 1975 read with rules, circulars, and notifications ("Customs law"), each as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023 - 2028 (FTP), each as amended and presently in force in India (collectively referred as "Indirect Tax Laws" and along with "Direct Tax Laws", the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and do not cover any general tax benefits available to the Company and to the shareholders of the Company.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of the equity shares of the Company ("Offer").
4. We do not express any opinion or provide any assurance as to whether:
 - the Company or its shareholders will obtain/ continue to obtain these special tax benefits in the future;
 - the conditions prescribed for availing the special tax benefits have been / would be met with; or
 - the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

6. This statement is prepared solely in connection with the Offer and is not to be used, referred to or distributed for any other purpose.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Pravin Tulsyan

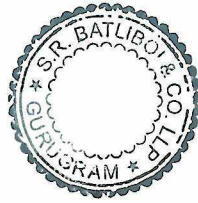
Partner

Membership No.: 108044

UDIN: 24108044BKFLXO1241

Place: Gurugram

Date: March 18, 2024



Annexure 1 Statement of Special Tax Benefits available to Interarch Building Products Limited (Formerly known as Interarch Building Products Private Limited), ('The Company') and its Shareholders

Outlined below are the special tax benefits available to the Company and its Shareholders under the Income Tax Act, 1961 read with the Income-tax Rules, 1962 (hereinafter referred to as 'the Act'), as amended by the Finance Act, 2023, applicable for the Financial Year ('FY') 2023-24 relevant to Assessment Year ('AY') 2024-25

1. Special tax benefits available to the Company under the Act

A. Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115 JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company has opted for the beneficial tax rate under section 115BAA of the Act from FY 2019-20 onwards. As the Company has opted for the beneficial tax rate introduced by the ordinance, they are not eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

B. Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction u/s 80JJAA of the Act shall be applicable even if the Company avail the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends

A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust to the extent it does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

2. Special tax benefits available to the Shareholders

- A. Higher cost of acquisition benefit in relation to long term capital asset being shares of company referred to in section 112A of the Act



A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (as defined u/s 112A of the Act) acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

- a) Cost of acquisition and
- b) Lower of
 - Fair market value* of such shares
 - Full value of consideration received or accruing as result of transfer of capital Asset

*'fair market value' means —

In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

B. No interest on deferment of advance tax instalment with respect to dividend income

The Finance Act 2020 amended the manner of taxation of dividend income by abolishing dividend distribution tax and restoring classical system of dividend taxation (i.e., taxation of dividend income in the hands of the shareholders). Considering the nature of income, it is not possible for taxpayer to accurately determine the advance tax liability on dividend income and therefore, the proviso to section 234C(1) of the Act provides that no interest shall be levied under section 234C of the Act, if the shortfall in payment of advance tax instalment is on account of underestimation or failure to estimate dividend income. The amendment was introduced by Finance Act 2021 and is applicable from 1 April 2021.

C. Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 has capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%.

D. Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC

The Finance Act 2023 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding Rs. 5 crores).

NOTES:

1. The above statement of possible special tax benefits sets out the provisions of Direct Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the Direct Tax Laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which also be retrospective, could have an effect on the validity of the above. We do not assume responsibility to update the views consequent to such changes.
3. The above statement of possible special tax benefits is as per the current Direct Tax Laws relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Direct Tax Laws.
4. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.



5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

For Interarch Building Products Limited



Arvind Nanda
Managing Director

For Interarch Building Products Limited



Manish Kumar Garg
Chief Executive Officer



For Interarch Building Products Limited



Pushpendra Kumar Bansal
Chief Financial Officer



Date: March 18, 2024
Place: Noida

ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO INTERARCH BUILDING PRODUCTS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

- I. Outlined below are the special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (*hereinafter collectively referred to as "GST law"*), the Customs Act, 1962 and the Customs Tariff Act, 1975 read with rules, circulars, and notifications (*hereinafter collectively referred to as "Customs law"*), each as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023-2028 (*hereinafter referred to as "FTP"*), each as amended and presently in force in India (*herein collectively referred to as "Indirect Tax Laws"*)

I. Special tax benefits available to the Company

- A. **Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962:** As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods.

The Company is availing duty drawback under Section 75 of the Customs Act read with Notification No. 77/2023-Cus. (N.T.) dated 20 October 2023.

- B. **Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):** Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are treated as zero-rated supplies which can be supplied either with or without payment of Integrated Goods and Services Tax (*hereinafter referred to as "IGST"*) subject to fulfilment of conditions prescribed. The exporter has the options as under:

- i. To undertake exports under cover of a Bond/ Letter of Undertaking (*hereinafter referred to as "LUT"*) without payment of IGST and claim refund of accumulated Input Tax Credit subject to fulfilment of conditions prescribed under the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.
- ii. To undertake export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.

Thus, the GST law permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

The Company undertakes export of goods without payment of IGST basis the LUT as prescribed under the GST law. In such case, it will have the option of claiming refund of unutilized input tax credit, subject to fulfilment of all prescribed conditions. Currently, the Company is able to utilise its input tax credit and is not exercising the option of filing a refund claim.

2. Special tax benefits available to the Shareholders of the Company

There are no special tax benefits available to the shareholders for investing in the shares of the Company.



Notes:

1. The above statement of special tax benefits is based on the best understanding of the Company's business landscape and tax benefits available to the Company and its shareholders under the current Indirect Tax Laws presently in force in India.
2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax advisor with respect to the specific tax implications arising out of their participation in the Offer.
3. This statement does not discuss any tax consequences in a country outside India of an investment in the equity shares of the Company ("Equity Shares"). The subscribers of the Equity Shares in a country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.
4. The above statement covers only special tax benefits under Indirect Tax Laws and does not cover any income tax law benefits or benefit under any other law.
5. During the period from 1 April 2023 to the date of this Annexure, the Company:
 1. has availed above mentioned exemption, benefits and incentives under Indirect Tax Laws
 2. has exported goods and/ or services outside India
 3. has imported goods and/ or services from outside India
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes.

For **Interarch Building Products Limited**


Arvind Nanda
Managing Director

For **Interarch Building Products Limited**


Manish Kumar Garg
Chief Executive Officer



For **Interarch Building Products Limited**


Pushpendra Kumar Bansal
Chief Financial Officer

Date: March 18, 2024
Place: Noida

